

B. The Trade Name Of Any Goods and Services The Claimed Subject Matter Is Embodied In

As will be noted from the attached pages from the assignees web site, the claimed subject matter of the present application is embodied in a web-site enabled service that is simply referenced by the trade name "InZap".

C. The Citation For And Copies Prior To 2001 Of Any General Articles Describing The Goods and Services The Claimed Subject Matter Has Been Embodied In.

The Applicant does not have and cannot readily obtain copies of any journal articles prior to 2001 describing goods or services that the claimed subject matter has been embodied in.

D. The Trade Names And Providers Of Any Goods Or Services In Competition With The Goods And Services The Claimed Subject Matter Is Embodied In.

The providers of goods and services that may potentially be in competition with the goods and services of the claimed subject matter include:

1. Myreceivables.com
2. Actrade
3. Transpoint
4. Paymybills.com
5. Paytrust.com

The Applicant has conducted a search to locate any general articles describing some of the products and services offered by the above companies prior to 2001. The located press and general articles are listed in an Information Disclosure Statement, filed concurrently herewith.

Exhibits B-D also set out further information regarding goods and services that would potentially be in competition with the claimed subject matter.

E. Any Written Descriptions or Analysis, Prepared By Any Of The Inventors or Assignees Of Goods or Services In Competition With The Goods And Services The Claimed Subject Matter Has Been Embodied In, Including Business Plans Used For The Purposes Of Obtaining Capital

The Applicant does not have, or cannot readily obtain, the required information.

Applicant believes that all requests have now been fully responded to. If a telephone conversation would in any way expedite consideration of the present application, the Examiner is invited to call the undersigned representative of the Applicant at (408) 947-8200 ext. 204.

If there are any additional charges, please charge Deposit Account No. 02-2666.

Respectfully submitted,

BLAKELY, SOKOLOFF, TAYLOR & ZAFMAN LLP

Dated: January 6, 2003

Sanjeet Dutta
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Quick Tour

1 Send your invoice

Send your invoices by your regular method (e.g. by mail). You don't have to change your current process to use Inzap.

INVOICE			
TO: East Bay Arts Group 4204 LaPlace Blvd Oakland, CA 94610		INVOICE #: 4401 INVOICE DATE: 10/1/2001 TERMS: Inzap	
Description of work	Amount		
Service - 6hrs @ \$150/hr	\$ 900		
Equipment - Atlas AM600 Storage System	\$ 1700		
Total	\$2600		

Our customers say...

"As a small advertising agency, we were having trouble carrying large receivables balances....With Inzap in place, my business runs like a much larger organization."

—Michael P. Schor,
President, MSC
Enterprises, Inc.



2 Enter an invoice summary on Inzap

To get paid fast, just enter quick summary invoice information on the Inzap website, and choose how long your customer has to pay. **It takes about 10 seconds** to enter an invoice summary on Inzap.

[ADD INVOICES](#)
[Add Invoices](#)

Please fill out the following information for each invoice. The description can be blank or can contain the P.O.#

Invoice Number	Buyer <small>Add new buyer</small>	Amount	Invoice Date	Terms <small>Add new terms</small>	Description
1088	East Bay Arts Group	2703	1/2/02	Net 30 Grace 10	PO #15562
	[Select a Payer]		1/2/02	Default	
	[Select a Payer]		1/2/02	Default	

Select your customer from this dropdown list.

The description is optional.

3 Your customer confirms the invoice...

When your customer receives the invoice, they click a button to confirm it via

email. If they don't confirm within two days of the invoice date, they get a reminder email. These reminder emails are addressed from your company name (via our invoice confirmation service). Your customers will view this confirmation process as an efficient and high-tech extension of **your** invoicing system. They just need to send checks (in your name) to a new PO Box address.

Vendor:	Consolidated, Inc.
Invoice #:	9385
Invoice Date:	8/15/02
Invoice Amount:	\$1,842.30
Due Date:	9/30/02
Description:	PO # 19843

☐ Confirm

 We have received the invoice and the goods/services associated with it, and we expect to pay it.

...or can discuss the invoice

If your customer has a question or concern about the invoice, Inzap lets you know right away. Your customer can just reply to the confirmation email to discuss the invoice directly with you. This gives you instant feedback if your customer has any concerns about the products or services you provided.

4 Inzap pre-pays you electronically

We electronically send the full amount to your bank account the day after your customer confirms the invoice (subject to any transaction limits). No more waiting for a check to arrive by mail! On average, most Inzap Sellers receive cash within 6 days or less from the date of the invoice.

Plus, whenever you want, you can see **up-to-the-minute reports** that show you exactly what's going on with your invoices and your bank account. You'll always know which invoices have been paid, which haven't, how deposits match with invoice payments made, and more.

BANK ACTIVITY REPORT

Withdrawals from your account last 30 days ▾ Go

- No transactions for this period.

Deposits to your account last 30 days ▾ Go

- 11-1-01, \$2700.00
 - Invoice #4401, Amount \$2700.00, Inv. Date: 10-1-01, Auth Date: 10-5-01, Buyer: Janet Tierney, Description: PO #15562

Inzap is an easy to use system that gets you paid faster and gives your

customers great terms. If you like what you see, [apply now](#) for free! For more information about Inzap, please refer to our [Common Questions](#). If you ever have a problem or concern, you can call 1-800-753-2551 for help from 6am to 6pm Pacific Time, or email us at support@inzap.com to get a response within 1 business day. If your customer ever has a question, they can contact us toll-free at 1-877-248-8642 or through the invoice confirmation website at www.invoiceconfirmation.com.

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It's Easy to Improve Your Cash Flow *with Inzap*

Apply Now!

In 5 minutes or less.
Risk Free!

1

Inzap pre-pays you for your invoices in less than a week subject to any transaction limits

2

Your customers pay Inzap later. You choose their payment terms. Give anywhere from 5—75 days to pay!

3

The primary cost to you is about 1.35% for an invoice with 30-day terms. [Fee Details.](#)

Our customers say...
"Thank goodness for Inzap, now we don't have to be someone else's finance company."

—James Harris,
President, Impact
Technology
Consultants

Why should you use Inzap? Because you can...

- **Build your cash flow fast:** Get up to \$100,000 of additional cash flow for your business after using Inzap for as little as 2 - 3 months.
- **Look professional to your customers:** They will receive confirmation emails from yourcompanyname@invoiceconfirmation.com, and they will know you have a professional, high-tech receivables process.
- **Take advantage of great low rates:** Inzap is half the cost of accepting credit card payments. It's about 1.35% of the invoice amount to get cash for an invoice in less than a week while giving your customer 30 day terms. [Compare](#) Inzap's rates to other options.
- **Experience true ease of use:** The founder of Inzap was an early Product Manager of QuickBooks. Sign-up takes just 5 minutes. Most small businesses qualify for the Inzap service. Plus, there's no need to change your current system. You still send paper invoices, and you continue using your existing bank account. Check out our [Quick Tour](#).

And please note that Inzap is a cash flow service, not a bad debt service. Just when you extend terms to a customer today, with Inzap there is still a risk that your customer may not pay. If your customer fails to pay Inzap for the amount due within the prescribed period, you must refund to Inzap any pre-payment you received for that invoice. So you should use Inzap with customers whom you trust to pay their bills.

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Our customers say...

"Everything was just as advertised ... the whole thing has gone quite smoothly ... I'm very happy with the service!"

—Bill Nelson,
Owner, Coastline
Enterprises

Explanation of Fees

There is no risk to trying Inzap!

- You'll find that our rates compare favorably to the alternatives.
- You won't incur **any** fees for the first 90 days unless you use Inzap to fund invoices. If you decide not to use Inzap, just cancel within 90 days and owe nothing. You can cancel at any time by calling us at 1-800-753-2551.

Fees

The invoice fee is a percentage of the invoice amount that is based on how fast your customer pays your invoice:

Within 30 days	31 - 45 days	46 - 60 days	61 - 75 days
1.35%	1.95%	2.65%	4.00%

There is also a charge of \$3.50 per check payment processed. However, if your customer prefers to pay electronically, via "ACH debit", the cost is only \$0.50 instead of \$3.50.

If your customers pay your invoices in full, and they pay within 75 days, the fees above are the **only** costs of Inzap to you. There are no "hidden" fees.

Please note that Inzap is a cash flow service, not a bad debt service.

So, if your customer does not pay in full by the 75th day or their payment bounces, you will be asked to return the funds previously advanced to you, and you will be responsible to pay applicable fees (e.g. late fees) until the funds are returned.

More details about fees

What happens if my customer does not pay in full by the 75th day or their payment bounces?

What are the details about how and when the fees above are charged?

What happens if my customer does not pay in full by the 75th day or their payment bounces?

If your customer's payment bounces, you are charged an insufficient funds fee of \$25.

If your customer does not pay by the 75th day, you are charged a daily late

fee of \$0.65 per \$1000 of the invoice amount, starting on the 76th day, until you return the funds previously advanced to you or Inzap receives payment from your customer.

If an invoice is partially paid by your customer, the daily late fee will apply to any portion of an invoice that was advanced to you and not paid by your customer. Naturally, once you return any portion of the funds advanced to you, late fees will stop accruing on that portion. So if your customer does not pay in full by the 75th day, you have incentive to return the funds quickly, to minimize late fees.

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What are the details about how and when the fees above are charged?

Timing of billing: The invoice fee percentage will be transferred from your bank account to Inzap's via electronic funds transfer on the same day that the invoice amount is advanced to you. If your customer chooses to pay by check, Inzap will initially deduct the full 75-day fee (4.00%) since your customer has 75 days to pay and Inzap does not know when the check from your customer will actually be received. When Inzap receives payment from your customer, the appropriate invoice fee will be recalculated, and the difference will be rebated to your bank account during the next monthly billing cycle, which is when other fees such as the check processing charge are deducted.

Calculation of days: The number of days used to determine the percentage invoice fee is based on the number of calendar days between the invoice date you enter into the Inzap system, and the date payment is received from your customer. Invoices are typically funded within 3 -10 days from invoice date. However, if funding takes longer than 10 days, the invoice fee will be reduced by calculating the number of days from date of funding instead of invoice date. ([Why might it take more than 10 days?](#))

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Common Questions

The most common questions

- [How will this affect my customers?](#)
- [What if my customer doesn't pay? Do I have to give the money back to Inzap?](#)
- [How much does Inzap cost?](#)
- [Why is it safe to allow Inzap to deposit into or withdraw from my bank account?](#)
- [Which of my customers should I use Inzap with?](#)
- [What aspects of the system make it easy to use?](#)
- [Is Inzap like factoring?](#)
- [How do I get started?](#)
- [Can I use Inzap to get better terms with my vendors?](#)

Our customers say...

"We are moving our preferred net 30 customer accounts over to Inzap allowing them net 60 terms or better. Our customers thank us for the extended terms while we enjoy almost instant access to the funds."

—James D. Matheson,
President, JMM
Distributing, Inc.

Other questions we've heard

- [Will my customers confirm payment quickly?](#)
- [How do I synchronize Inzap with my accounting software?](#)
- [Can Inzap handle customer credits?](#)
- [What if I make a mistake entering an invoice?](#)
- [How much of my invoice volume can I process with Inzap?](#)
- [When and how is customer support available?](#)
- [What information do I need to provide to sign up for Inzap?](#)
- [What if I have a problem or there is a discrepancy with my bank statement?](#)
- [Why is it safe to enter my bank account information on the internet?](#)
- [Will Inzap respect the privacy of my company's information?](#)

- **What if I have more questions?**

How will this affect my customers?

Inzap is virtually invisible to your customers, and you have control over communications with them. To see how, [click here](#).

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What if my customer doesn't pay? Do I have to give the money back to Inzap?

Yes, you would have to pay Inzap back the money we advanced to you. The Inzap system is designed to get you paid faster, not to function as a collections agency.

Here's how it works:

- After you enter your invoice summary on Inzap, your customer will be reminded to pay via email (from your company.) You control the date the email is sent.
- If we do not receive a check in payment for an invoice within 65 days of the invoice date, we notify you and we give you the option to return the funds before we contact your customer to ask for payment by day 75.
- If your customer cannot or does not pay the invoice, you need to return the funds to Inzap. As explained in the Seller Agreement, you are expected to pay associated fees (such as late fees) if we do not receive the funds in a timely manner.

The goal of the system is to give you a cash flow boost and give you control over communications with your customer.

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How much does Inzap cost?

The primary cost is an invoice fee that is a percentage of the invoice amount. Invoice fees vary based upon the time it takes your customer to pay. So, for example, the cost to give 30-day terms would be around 1.35%. This fee is about half what it costs businesses to accept credit cards, and is less than the cost of offering standard 2%10 net 30 terms. Inzap is free to your customers.

See [Inzap fees](#) for details and more examples.

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Why is it safe to allow Inzap to deposit into and withdraw from my bank account?

- We move money into and out of bank accounts using [ACH \(Automated Clearing House\)](#) transactions. This is the same protocol used to move money for payroll direct deposits and by businesses to pay taxes to the Federal Government.
- We work with established banking partners and are strictly governed by [NACHA](#) rules. NACHA is the National Automated Clearing House Association, which includes over 12,000 U.S. banks (similar to the bank associations that comprise VISA and MasterCard.)
- Inzap will never make electronic transfers from your bank account that you have not authorized.
- Your bank has the right to reverse an ACH transaction within 2 business days if they deem it unauthorized. Therefore, if you discover a withdrawal from your account that you did not authorize, tell your bank within 2 business days in order to get it reversed.

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Which of my customers should I use Inzap with?

Some businesses like to use Inzap with all their customers, and we encourage that. It gives you maximum utilization of your credit line and the simplicity of managing all accounts on one system.

At a minimum, you should use Inzap with any customers to whom you want to give longer payment terms and still get paid fast. Even if a particular customer doesn't receive a high credit line initially, it can be valuable to transact with them on the Inzap system, because Inzap looks for a positive payment history when we grant credit line increases.

Please keep in mind that your customer needs to have an email address to use Inzap.

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What aspects of the system make it easy to use?

The Inzap system was designed by one of the original product managers of QuickBooks, and it is easy to use for several reasons:

- *Five minute signup*: It takes literally 5 minutes to sign up to use the

system. This is much easier than signing up for a credit card account, bank loan, or most other financial products.

- *Almost instantaneous setup:* There really is no set-up required to use Inzap. All you need is an email address and a web browser. When you are ready, just enter your first invoice.
- *Ten second invoice entry:* It takes less than 10 seconds to enter one invoice into Inzap. Just type in the invoice number, customer name (from a drop down list), invoice amount, and invoice terms, and click "OK". There is other optional information you can fill in (like PO#), but it isn't required.

Since you've already sent your customer an invoice via your regular method, you've already entered your invoice into your accounting software. When Inzap deposits a payment in your account, you'll be notified and you can enter it just like any other payment (except that it will often occur much faster than 30 days). We have focused on taking the hassles out of getting paid.

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Is Inzap like factoring?

No. Inzap differs from factoring in several ways. Here are some of them:

- *Inzap gives a benefit to your customers: payment terms that you choose -- up to 75 days.* In contrast, a factor might begin hassling your customers for payment after 30 days.
- *Inzap gives you 100% of the invoice amount right away, minus the small invoice fee.* In contrast, a factor typically gives you only 75% to 80% of the invoice amount until the total invoice is paid. This is one of the reasons factors often cause problems with internal bookkeeping. With Inzap, the small percentage invoice fee is deducted as a separate transaction from the deposit of your invoice payment.
- *Inzap can be used with just one customer, or all of them.* In contrast, a factor typically requires you to outsource all your receivables (though a factor may force you to exclude small invoices, a part of your business that Inzap doesn't force you to exclude.)
- *Inzap keeps you in control.* You know the status of every invoice and every payment at any time, and so do your customers. In contrast, a factor typically requires that a letter be sent out to all your customers telling them that your factor is taking control of your receivables.
- *Inzap is very affordable.* Just ask any factor how much it would cost you if you wanted to give your customers the benefit of paying in up to 75 days.

The bottom line is that Inzap is an invoice confirmation service that you can offer to your customers as a benefit, and factoring is a way of giving up control of your entire receivables process.

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How do I get started?

Just fill out the 5 minute free trial sign-up form and give us the names/emails of a few customers that you expect to invoice in the near future. When you send each invoice to a customer via your regular process, just enter a 5 second invoice summary in Inzap. It is that simple.

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Can I use Inzap to get better terms with my vendors?

Certainly. We can help you introduce Inzap to the vendors you wish to improve your terms with. Most vendors are very accommodating to their customers who wish to pay using Inzap, since they get cash flow benefits as well. The service is free to Buyers.

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Will my customers confirm payment quickly?

Yes. The average time it takes customers to confirm payment on the Inzap system is 6 days. If they don't confirm relatively quickly, we do send an automatic email reminder to them.

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How do I synchronize Inzap with my accounting software

You will continue to enter your invoices and payments into your accounting software just as you do today. In addition, you'll need to enter invoices into Inzap. This should take about 5 seconds per invoice. It is much faster than using credit cards and easier to reconcile than early payment discounts. Bank account reconciliation is a snap with the reports we provide. The bottom line: Inzap should save you time, especially when you add in the time you'll save in following up on unpaid invoices or clearing up billing questions. Here's what we suggest.

- *Entering invoices:* Send the invoice as you normally would and change the remittance address to a P.O. Box address we give you (your customer still makes out checks to your company). Then, just type the invoice number, amount, and payment terms into Inzap, with an optional description (for P.O. numbers and such.)
- *Entering customer payments:* At your convenience (daily, weekly, or even monthly) just print the bank activity report and enter any invoice payments into your accounting software. Inzap will relate bank deposits to the specific invoices that were paid.

[Click here](#) if you use Quickbooks.



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Can Inzap handle customer credits?

Yes.

Of course, Inzap is designed to reduce the need for some kinds of customer credits, because we require your customers to confirm an invoice before payment. However, the ability to issue a credit to your customer is built into the system.

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What if I make a mistake entering an invoice?

No problem. If you notice the mistake before your customer confirms the invoice, you can just change the invoice information. If your customer notices the mistake while they are confirming the invoice, they can reply to the email to notify you instantly, and you can change the invoice amount. Finally, if you and your customer don't notice the mistake and the invoice is confirmed, you can issue a credit to your customer via Inzap.

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How much of my invoice volume can I process with Inzap?

You can process all of your invoices or only one invoice with Inzap. However, you are likely to earn a higher credit line if all your invoice volume is processed through Inzap (plus, you'll like having all your information in one place.) There is no upper limit on the total invoice volume you can process through Inzap, though the amount of funds that can be advanced to you will depend on the creditworthiness of your business, repayment patterns of your customers and your business owner's personal credit history. With good performance on the Inzap system, businesses can earn credit lines up to \$100,000.

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When and how is customer support available?

You may call 800-753-2551 from 6am to 6pm Pacific Standard Time, Monday

to Friday. In addition, you can send email to support@inzap.com and it will be answered within one business day.

Once you sign up, a customer service representative will call you to help you get started.

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What information do I need to provide to sign up for Inzap?

Most businesses just need to fill out our 5-minute sign up form and fax us a bank authorization form with the owner's signature.

The signup form asks for

- Some basic contact and business information
- Your bank account number and check routing number for funds transfers into and out of your account. [Why is this safe?](#)
- The owner's name, address, and social security number.

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What if I have a problem or there is a discrepancy with my bank statement?

The Inzap Bank Activity Report can be viewed at any time and is always up to date. If there is any discrepancy between this report and your bank statement, for any reason, just call 800-753-2551 from 6am to 6pm Pacific Standard Time, Monday to Friday. In addition, you can send email to support@inzap.com and it will be answered within one business day.

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Why is it safe to enter my bank account information on the internet?

Our security protocol (SSL, or secure socket layer) is the industry standard for secure commerce transactions. It encrypts all of your personal information, including bank account information, name, and address as it travels over the internet. Please see our [privacy and security policy](#) for more details.

The information we require is not more than what you make available to anyone to whom you write a check.

Click [here](#) to read about why it is safe to allow Inzap to make deposits to and withdrawals from your bank account.

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Will Inzap respect the privacy of our company's information?

Our policy is that you own your data. We will not sell your contact information or your customers' or vendors' contact information. Please see our [privacy and security policy](#) for more details.

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What if I have more questions?

Please call or email us. We would be happy to answer any questions you have. Our customer service department is available by phone from 6am to 6pm PST at 1-800-753-2551. Or email us at support@inzap.com.

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Our customers say...

"Some companies won't even talk to you unless you can give them 30 or more days financing...And what an improvement it's been to my buying power. I can buy new products and turn around and sell them all within the 60 days Inzap gives me to pay for them! That's helped us be very competitive."

—John Hailey,
Controller, MJI
Systems

Company Overview

Here are some interesting facts about our company...

- Inzap's founder was one of the original Product Managers of [QuickBooks](#) the leading small business accounting software in the U. S., with over 3 million users.
- To provide our services, we partner with leading U.S. Financial Institutions. The company's current banking and funding partners are [Wells Fargo Bank N.A.](#) and [Heritage Bank of Commerce](#).
- Inzap was founded in 1999 and has since processed millions of dollars of invoices for small businesses in 43 states across the country. We are located in California's Silicon Valley.

Our mission: Deliver cash flow to small businesses to help them grow and succeed.

Before Inzap, few attractive options were available to small businesses to solve the cash flow timing problems associated with providing longer payment terms to customers.

- Receivables financing from a bank or financial institution is often available only to larger, more established businesses.
- "Factoring" is generally viewed as unfriendly to customers, cumbersome, and expensive-and is also limited in availability to many small businesses.
- Accepting customer payments via credit cards can be a good option for consumer-oriented businesses, but is inappropriate for ongoing business-to-business transactions. Business customers generally insist on terms.

In contrast, the Inzap service is a fast and easy way for a small business to get the cash flow they need to provide terms and grow their business.

Please feel free to learn more about our experienced [management team](#) and our supportive [investors](#). You can also use our website to learn about opportunities to [partner](#) with Inzap, any [jobs](#) we might have open, and all the ways you can [contact us](#).

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*A secure and convenient
deferred payment technology*



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Actrade Financial Technologies Announces the Launch of the E-DRAFT Program, the International Version of the Company's Proven E-TAD Program

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Actrade Ranks #5 on Forbes' List of America's Best Small Companies

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Investor's Corner

Actrade Financial Technologies, Ltd. Reports Net Income of \$8.7 Million and Diluted Earnings Per Share of \$0.77 for Third Quarter, Fiscal 2002

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History

Founded in 1987, as an international trading company incorporated under the name Acquisition Capability, Inc., Actrade represented various U. S. manufacturers and distributors by buying their products and exporting them overseas. The Company has expanded operations to include a commercial payment and processing solution for U.S. and Canadian corporations.

Actrade introduces the TAD Program

In 1993, the company introduced an innovative new payment tool called the Trade Acceptance Draft (TAD) Program, which provided a third payment option for business-to-business transactions (as compared to open account and COD). Administered by its subsidiary, Actrade Capital, Inc., this patented payment solution enabled U.S. companies to pay for purchases with terms up to 6 months, while their suppliers (who could be located globally) received immediate payment. With the successful introduction of the TAD Program in the U.S., the company soon expanded its innovative payment solution to the Canadian marketplace. In 1997, Actrade was granted a processing patent on the TAD Program, which enabled TADs to clear the banking networks, just like a check.

Actrade launches the Electronic Trade Acceptance Draft (E-TAD) Program

Actrade's desire to speed transaction processing and automate workflow coupled with the projected growth of business-to-business e-commerce led to the development of the Electronic Trade Acceptance Draft (E-TAD). The launch of E-TAD in August 2000, was simultaneous with the change of the parent company's name from Actrade International, Ltd., to Actrade Financial Technologies, Ltd., to better reflect the company's expanding role in delivering payment technology solutions to the business marketplace.

Evolution of the E-TAD Program: Creation of the ECC

In 2002, the Company incorporated the E-TAD Clearing Center, Inc., (ECC) to provide private label payment, processing and data management services to corporations and financial institutions, utilizing Actrade's E-TAD instrument. ECC's centralized processing capabilities provide clients with a turnkey system facilitating the origination, issuance, processing and settlement of E-TAD transactions.

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A deferred payment solution

Actrade's Electronic Trade Acceptance Draft (E-TAD) is a negotiable electronic payment obligation, issued by a buyer to a supplier, as payment for goods or services rendered. E-TAD enables buyers to defer payment up to 180 days while their suppliers receive immediate payment. The unsecured E-TAD facility supplements other vendor financing programs and provides a safe and reliable electronic payment solution for large dollar commercial transactions originating offline or online via the Internet. To participate in the E-TAD Program, both the buyer and the supplier must first be enrolled. There is no cost to enroll or obligation to use E-TAD upon enrollment.

Enroll Now!

Today's Business Challenge



Buyers

want open account terms

Suppliers

want immediate payment (CASH)



Our Solution... The E-TAD Program

Buyers

receive deferred payment terms



Suppliers

receive immediate payment

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What is an Electronic Trade Acceptance Draft (E-TAD)?

The acronym "E-TAD" is short for "Electronic Trade Acceptance Draft". E-TAD is a negotiable electronic payment obligation, issued by a buyer to a supplier, as payment for goods or services rendered. The E-TAD is payable at a pre-determined future date and can be transferred through endorsement. Actrade's patented electronic payment and encoding process allows E-TAD transactions to clear the banking networks, just like a check, which makes it acceptable for payment and settlement among all the banks in North America.

E-TAD Characteristics:

- Negotiable financial instrument with a deferred due date.**
 Similar to a check, the E-TAD is payable at a fixed future date and can be transferred through endorsement.
- Irrevocable obligation to pay (separate from the commercial transaction).**
 When a buyer endorses an E-TAD it creates an unconditional promise or order to pay a certain sum of money, which is separate from and unrelated to any dispute that may arise regarding the commercial exchange of goods or services.
- Deferred payment terms for buyers.**
 Buyers can issue one or a series of E-TADs with terms up to six months.
- Immediate payment for suppliers.**
 Actrade purchases the E-TADs from the supplier – at a discount – within 48 hours.
- Patented electronic payment solution and encoding process.**
 Actrade is able to originate, process and settle E-TAD transactions via the banking networks, just like a check.
- Highest levels of security for Internet payment transactions.**
 Actrade's end-to-end secure network, industry standard Internet security protocols, and password-protected logons ensure user authentication and data integrity.

How E-TAD Works:

A buyer and a supplier negotiate a transaction. The buyer accepts the goods or services and now the invoice must be paid.

- A buyer issues one or a series of E-TADs to a supplier as full payment for goods

or services rendered.

- Actrade then purchases the face amount of the E-TADs from the supplier, less a discount, in exchange for payment within 48 hours.
- Actrade automatically debits the buyer's designated bank account on the future due date specified on each E-TAD.

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E-TAD uses technology to automate the transaction process and improve workflow processes. The E-TAD Payment Solutions are the gateways for generating E-TAD transactions online, from the desktop, or via an exchange site.

E-TAD Online™ enables buyers and suppliers to access Actrade's E-TAD Program through a web-based, secured application.

E-TAD Direct™ is a convenient desktop solution that provides buyers the ability to conduct frequent E-TAD transactions by simply clicking on an icon. E-TAD Direct provides the speed and reliability of a server-to-server interface.

E-TAD Exchange™ is a secure, XML based server-to-server interface that provides e-marketplaces and payment platforms with the ability to seamlessly generate E-TAD transactions on behalf of their online users.

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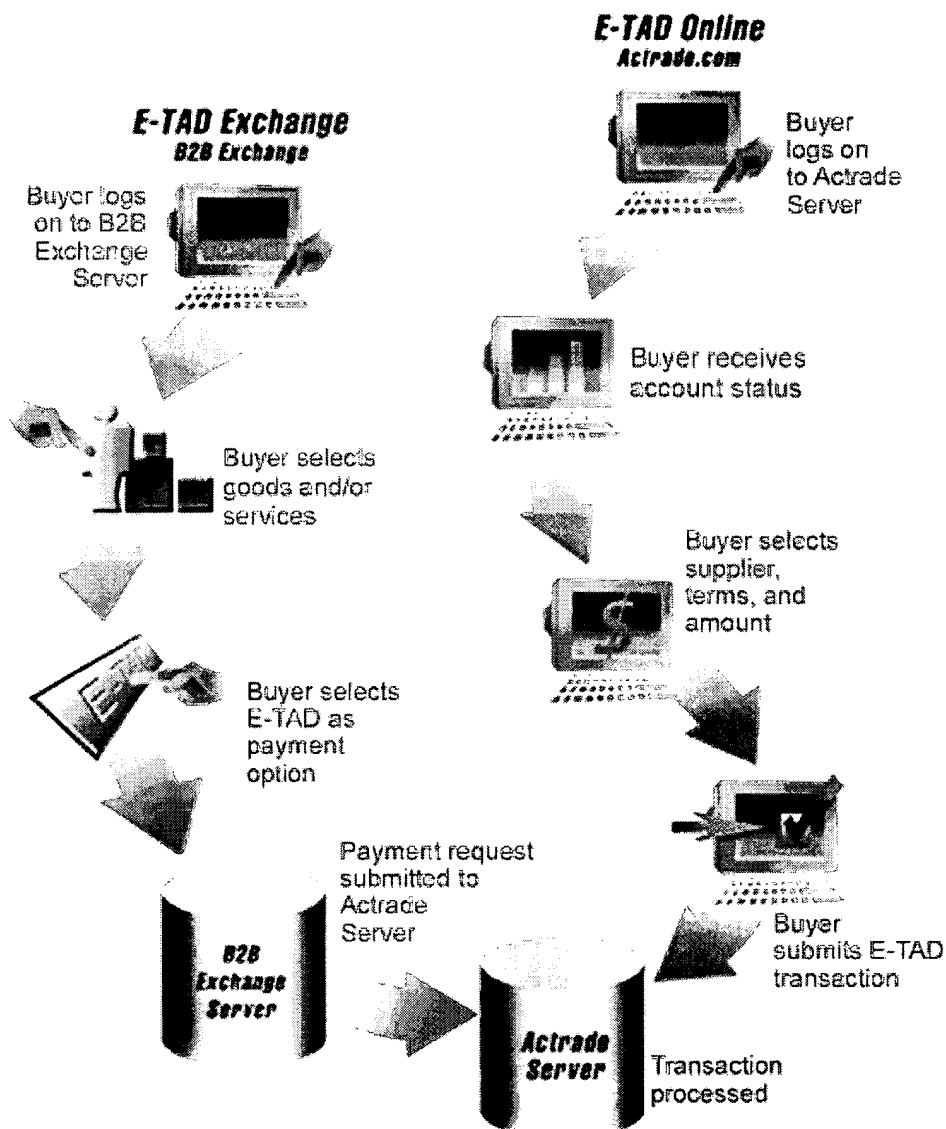
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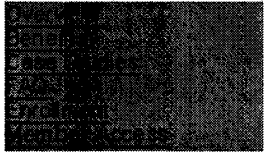


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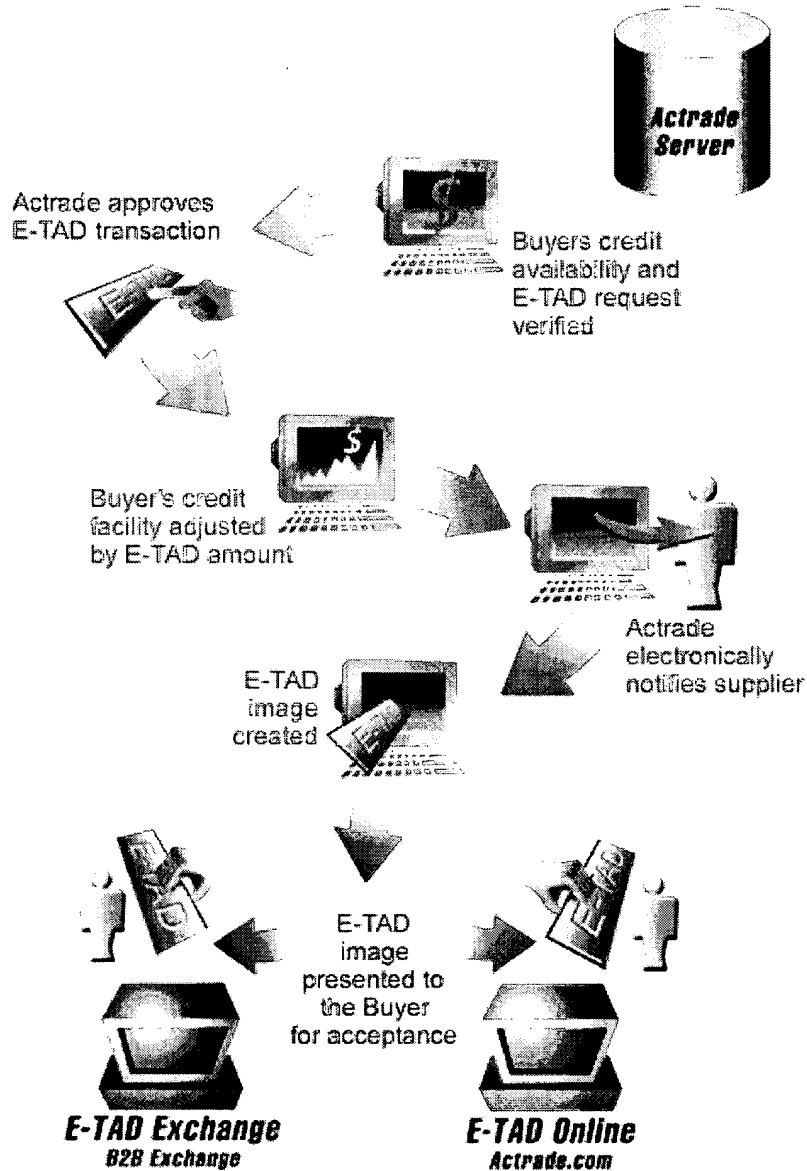
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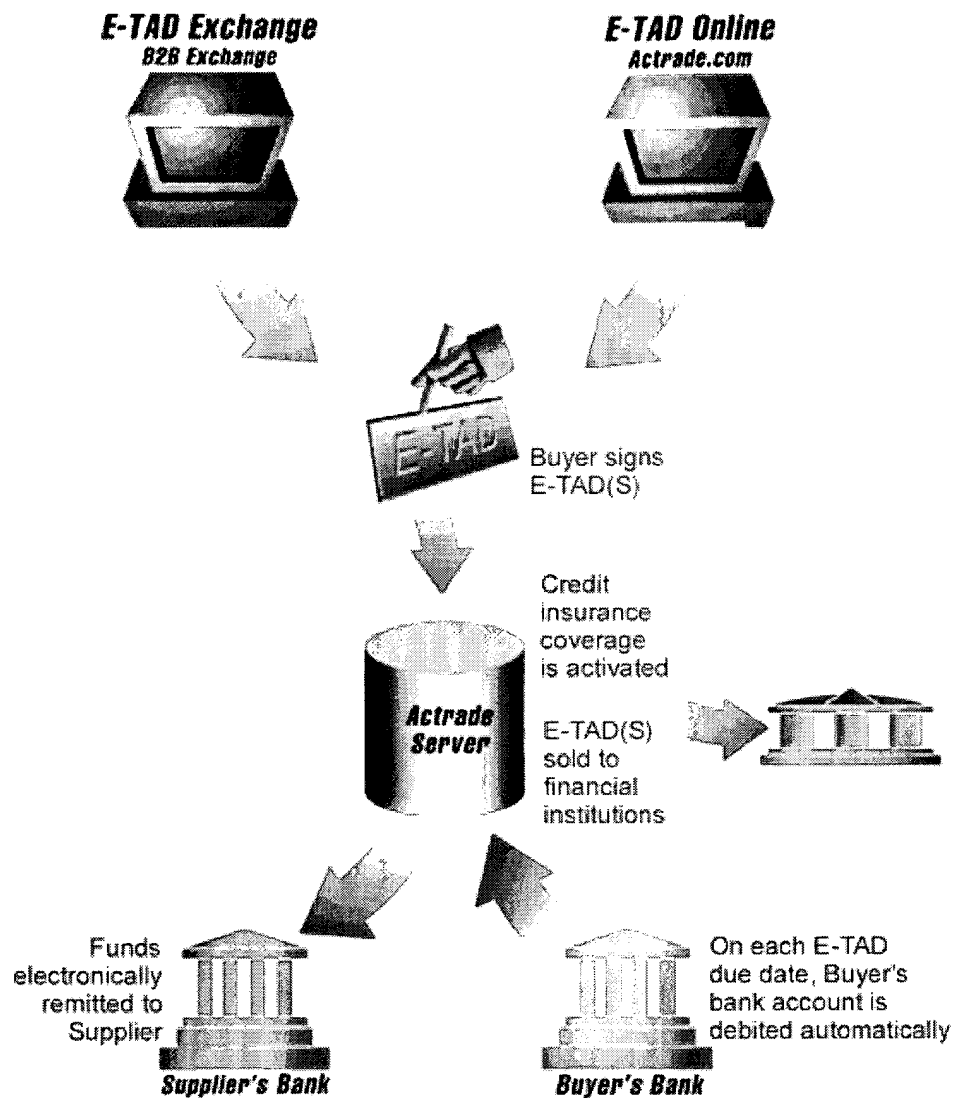
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- [04/16/2002](#) - Actrade to Hold Third Quarter Fiscal 2002 Earnings Conference Call
- [04/11/2002](#) - Georgia Federal Court Grants \$4.6 Million Dollar Judgment in Favor of Actrade Against Premier and Delpiano
- [03/12/2002](#) - Actrade Financial Technologies Announces Change in Strategic Direction; Establishes E-TAD Clearing Center, Inc. (ECC)
- [02/22/2002](#) - Actrade Financial Technologies, Ltd. Confirms Receipt of Class Action Lawsuit
- [02/11/2002](#) - Actrade Financial Technologies, Ltd. Calls Sell-Off in Response to Article Unwarranted
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- [12/18/2001](#) - Actrade to Hold Second Quarter Fiscal 2002 Earnings Conference Call
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- [10/11/2001](#) - Actrade and GNYHA Services Form Alliance to Offer Payment and Settlement Services for NY City Area Healthcare Industry
- [09/20/2001](#) - Actrade Financial Technologies, Ltd. Posts Record Earnings and Revenues for FY2001
- [09/12/2001](#) - Actrade Conference Call Postponed Due to Terrorist Attacks – Rescheduled for September 20th
- [09/07/2001](#) - Actrade to Hold Fourth Quarter and Year-End Fiscal 2001 Earnings Conference Call
- [08/23/2001](#) - Actrade Financial Technologies, Ltd. Announces

Preliminary Fiscal 2001 Fourth Quarter and Year End Results

- 08/13/2001 - Actrade Establishes \$15 Million
Revolving Credit Facility with Siemens Financial Services
To Fund Continued Expansion of E-TADTM Program
- 07/10/2001 - Actrade Added to Russell 2000® Index
- 06/20/2001 - Global Payments Pioneer Alex W. Pete Hart
Joins Actrade Board of Directors
- 06/18/2001 - Actrade To Take Charge Based on Amwest Liquidation
- 05/30/2001 - Actrade Selected as the Best Online Trade Finance Credit Provider
by Global Finance
- 05/01/2001 - Actrade's E-TAD Originations Exceed \$100 million for 3rd Quarter
Total Revenue up 96%; Net Income up 105%; EPS up 71%
- 04/18/2001 - Actrade to Hold Third Quarter Fiscal 2001 Earnings Conference Call
- 02/20/2001 - Actrade Cited as One of Eight Most Profitable and
Best Performing Stocks by Investor's Business Daily

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FACTORING: Cash Flow Solution For the New Millennium, Part 1

by Eric Barnes, Corporate Financing Consultant

Are you waiting 30 to 90 days to be paid? Financing your customers getting you down? Losing opportunities due to slow and late payments? Spending your valuable time chasing the money you've already earned? Need change in your financial structure?

Cash flow, the "energy" moving in and out of your business, is the most critical item on any business priority list. Without cash, the business can't pay its bills, expand, or even remain in operation. And giving your customers interest free loans is not helping.

Most entrepreneurs know what I mean. What business doesn't experience a cash flow crunch when the need to expand--to invest in growth--is hampered by the 30, 60, or 90-day cycles inherent in the accounts receivable loop?

What if you were able to get cash for those invoices immediately?

The answer could be factoring, the most powerful non-debt solution to cash flow problems available to business today.

Factoring does for wholesale companies (selling to other companies, institutions or governments) what Visa® and MasterCard® do for retail merchants. In retail, the piece of paper you sign is called a bill of sale. In wholesale, the piece of paper is called an invoice. In both cases, that piece of paper is a "promise to pay."

Hundreds of thousands of companies nationwide use factoring as a business tool. In some industries, such as trucking, furniture and apparel manufacturing, most companies factor.

You factor your invoices/accounts receivables, converting them into cash by selling them directly to a factor at a discount, much as a retail store sells its bill of sale to Visa® or Mastercard®. That provides immediate cash flow to your business rather than the usual 30-90 day delay. It creates the absolute and predictable income control you need to expand and flourish in your industry, giving you a powerful competitive edge. It also reduces overhead, as you will see.

Unlike bank loans, factoring does not rely on your credit rating. As you are selling your invoices/accounts receivable, (thus not creating debt), the factoring company is interested only in the credit rating of your customers, the payers of the invoices.

The factor is not dependent on your hard assets, bank balances, business history, tax records or credit. His major interest is your ability to create business and add sales.

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I am in the process of negotiating a broker agreement with a factoring company. What is considered a standard commission rate for the industry?

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- Metro Financial Services
The Difference is in the Service
- Quantum Funding
Turn cash slow into cash flow
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Eric Barnes is a Corporate Financing Consultant. His company, Capital Funds Group, is headquartered in Berkeley, California . CFG specializes in analyzing your specific needs and pointing you towards that area of financial support bringing you the greatest business growth at the highest possible savings. There is no charge for this service. The range of solutions includes factoring, purchase order financing and offshore private placement fundings. Mr. Barnes may be reached at 360/325 0230 or by [email](#) . Please visit his [website](#) .



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FACTORING: Cash Flow Solution For the New Millennium, Part 2

by Eric Barnes, Corporate Financing Consultant

Benefits of Factoring

The primary benefit of factoring is that when bank loans are not available, or your credit line is maxed out, it is a sure source of immediate working capital.

Secondarily, there is no debt created, improving your credit rating and your financial statement's bottom line. It also provides bad debt insurance, as the factor assumes the liability for nonpayment of the invoice.

Other benefits include continuous cash flow, increased production and sales, cash for marketing plans, new equipment purchases, plant expansion, handling payroll or tax shortfalls, lowered overhead, and total elimination of accounts receivable maintenance.

Next to the instant liquidity provided by factoring, the most valuable benefit is ridding your business of credit and collections (non-income producing activities) releasing you and your employees to focus full attention, energy and assets on production, marketing, sales and service.

Is Factoring A Solution For Your Cash Flow Problems?

- 1) Are your receivables above \$15,000 month, with invoice size usually above \$500?
- 2) Is your business sometimes short of cash?
- 3) Could a better cash flow...
 --allow you the advantage of discounts and special offers?
 --generate more sales?
 --increase production?
 --increase marketing efforts?
- 4) If your credit and collection efforts were eliminated, could you put more attention on production, marketing, sales and service?
- 5) Would your overhead be lowered?

If your answer is "YES" to one or more of these questions, factoring may be a viable strategy for your cash flow requirements and should be explored.

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FEATURED QUESTION

I am in the process of negotiating a broker agreement with a factoring company. What is considered a standard commission rate for the industry?

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offshore private placement fundings. Mr. Barnes may be reached at 360/325 0230 or by [email](#). Please visit his [website](#).



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FACTORING: Cash Flow Solution For the New Millennium, Part 3

by Eric Barnes, Corporate Financing Consultant

Summary

Factoring is a powerful tool for a small or mid-sized company hindered by lack of bankability or other sources of funding. It creates the needed control over your cash flow that translates into greater production, sales and profitability. It's certainly worth a look.

Ten Major Benefits of Factoring Receivables

- 1) Full control of your cash flow strategy.
- 2) No debt created.
- 3) Elimination of credit and collection efforts (reduced overhead).
- 4) Elimination of accounts receivable ledgering (reduced overhead).
- 5) No further risk of credit losses.
- 6) Improved customer relations. No further dunning calls.
- 7) Sales increase levels no longer tied to financial sheet ratios; speed of sales no longer limited.
- 8) Improved capacity to pay suppliers and gain cash discounts, often totally off-setting factoring costs.
- 9) Improved bank balances and company credit rating.
- 10) No loss of cash value due to inflation.

The High Costs of NOT Factoring

- 1) Devaluation of your money due to inflation while waiting for payment.
- 2) Inability to take advantage of net and volume discounts and other purchasing opportunities.
- 3) Worsened customer relations due to collection efforts and dunning phone calls.
- 4) Inability to expand.
- 5) Cash flow planning and control skewed due to uncertainty of payment dates.
- 6) Inability to increase inventory.
- 7) Bad debt losses.
- 8) Continuous cost of ongoing credit and collection efforts.
- 9) Continuous cost of accounts receivable maintenance.
- 10) Inability to implement marketing and sales plans.
- 11) Lowered financial statement and bank balances.
- 12) Loss of working capital.
- 13) Restrictions on action due to credit line and other borrowing limits.
- 14) Cost of executive and staff time fixed on non-income producing activities.

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